

**Detailed Instructor Outline of
Arizona -Specific Prescribed Curriculum
Arizona Real Estate Broker's License
Minimum 27 hours**

This is a detailed instructor outline of the prescribed Arizona-specific curriculum. It is applicable for use when students/candidates have received a pre-license course waiver from the Arizona Department of Real Estate (ADRE) based on prior education and/or experience in another state. The course focuses on information specific to Arizona and must comprise a *minimum* of 27 hours of classroom instruction.

Attendance and completion of an approved pre-licensure course of study is one prerequisite to a candidate filing an application for real estate broker's license. As a part of the pre-license course, the school is required to show, and students are required to watch, an ADRE produced 'Orientation' video/DVD prior to or during the student's first class.

Student attendance at all sessions of a course is required. Attendance includes that the student pay attention to the instructor, participate in class discussions and activities, and complete all assigned exercises and homework. Following completion of the course, a student must successfully pass the school's final examination on the full 90-hour curriculum before the school can certify the student's course completion.

Broker candidates must also meet an experience requirement before they may take the state license examination. Please refer to A.R.S. § 32-2124 (A)(1), (2) or (3), as applicable. Specific information and forms are included in the Candidate Information Bulletin (experioronline.com)

ARIZONA DEPARTMENT OF REAL ESTATE

2910 North 44th Street, Phoenix, AZ 85018
www.re.state.az.us

1-7-2006

I. SOURCES OF REAL ESTATE LAW

A. State Constitution - Article 26

B. State Statutes

1. Arizona Real Estate Statutes -Title 32 Chapter 20

a. Real Estate Department Structure - Article 1

- (1) Commissioner
- (2) Advisory Board

b. Licensing -Article 2

- (1) Parties required to be licensed
- (2) License exemptions
- (3) Broker & Salesperson requirements
- (4) Licensing fees
- (5) Multiple licenses
- (6) License transfer
- (7) Renewal of license
- (8) Designation(s)
- (9) Temporary licenses

c. Practice of Brokerage and Regulations - Article 3

- (1) Flow of Funds - Trust Account
- (2) Recordkeeping
 - (a) cash receipts
 - (b) a ledger for each client
 - (c) receipts for bank deposits
 - (d) pre-numbered trust account checkbook
 - (e) duplicate bank deposit slips
 - (f) contracts and their folders numbered consecutively, initialed and dated by broker
 - (g) escrow instructions and closing statements
 - (h) location of records
 - (i) forms
 - (j) office audit and examinations
 - (k) location of bank account
- (3) Employment Agreements (32-2151.02)
- (4) Collecting compensation
- (5) Grounds for denial of license, civil penalty, license suspension or revocation, provisional license
- (6) Consent Orders, Cease & Desist Orders, Summary Suspensions
- (7) Restriction on employment or compensation

d. Requirements for Property Management -Article 3.1 (32-2173)

- (1) Agreements
- (2) Employment Agreements
- (3) Trust accounts
- (4) Records
- (5) Unlicensed employee activities

e. Sale of Subdivided Lands -Article 4

- (1) Definition

- (2) Procedures
- (3) Issuance of Public Report (see also Commissioner's Rules, Article 12)
- (4) Exemptions
- (5) Bulk Sales
- (6) Voidable Sales
- (7) Advertising Material
- (8) Inducements
- f. Sale of Unsubdivided Land -Article 7
 - (1) Definition
 - (2) Procedure and requirement
 - (3) Issuance of Public Report
- g. Real Estate Recovery Fund -Article 5
 - (1) Definition
 - (2) Brokers responsibilities
 - (3) Current changes and updates
- h. Cemetery, Real Estate Timeshares & Membership Camping
Articles 6, 9 & 10
- 2. Affidavit of Disclosure
- 3. Arizona Landlord and Tenant Acts

C. Arizona Administrative Code (Commissioner's Rules)

- 1. Definitions, Filing, and Calculating Time
- 2. License Timeframes
- 3. General License Requirements
 - a. Non-resident Licenses
 - b. Employing Broker- Sole proprietors, Corporations, Limited Liability Companies and Partnerships
 - c. Renewal, Reinstatement, Changes,
 - d. Department notification
 - e. Branch offices, managers
 - f. Professional Corporations, Professional Limited Liability Companies
 - g. Temporary Licenses and Certificate of Convenience
 - h. Unlawful License Activity
- 4. Education
 - a. Pre-licensure and state examination
 - b. Continuing education
 - c. School, course & instructor approval required
- 5. Advertising
 - a. Requirements
 - b. Promotional
 - c. Owner/agent
 - d. Blind ad
 - e. Subdivisions, Timeshares & Membership Campgrounds
- 6. Compensation - Article 7
- 7. Documents - Article 8
 - a. Conveying Documents
 - b. Offer Acceptance
 - c. Contract Disclosure

8. Professional Conduct -Article 11
 - a. Duties to Client/Customer
 - b. Duties to all other parties
 - c. Duties to other Licensees
 - d. Fiduciary Responsibility
 - e. Broker Responsibilities
9. Investigations & Administrative Procedures (see also A.R.S. § 41-1092, et seq.)

II. AGENCY RELATIONSHIPS AND MANAGERIAL DUTIES

- A. Definition
- B. Types
- C. Requirements for an Employment Agreement
 1. Listing
 2. Buyer Broker Office Policies
- D. Office Policies

III. CONTRACTS AND CONTRACT LAW

- A. Real Estate Contract Requirements in Arizona
 1. Broker Responsibilities -General
 2. Notification of Acceptance
 3. Earnest Money Responsibilities
 4. Responsibilities to Present All Offers
- B. Purchase Contract Concerns
 1. Offer and Acceptance
 2. Hands-On Contract Completion

IV. PROPERTY INTERESTS, ESTATES AND TENANCIES

- A. Property
 1. Real versus Personal
 - a. When can sell manufactured home
 - b. Affidavit of Affixture
- B. Joint Tenancy with Right of Survivorship
- C. Community Property with Right of Survivorship

V. GOVERNMENT RIGHTS IN REAL PROPERTY

- A. Real Property Taxation
 1. Taxes
 - a. Residential
 - b. Vacant land
 - c. Commercial property
 2. Tax ratios and tax rates
 3. Lien priority
 4. Tax Sale
 5. Special Tax Assessments/Improvements

VI. WATER LAW

- A. Types of Water Sources

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Minimum 27-Hours

1. Aquifers
2. Percolated water
3. Underground rivers
4. Lakes, reservoirs, rivers and streams
5. Central Arizona Project (CAP)
6. Colorado River
7. Effluent
- B. Water Users
 1. Residential, commercial and industrial
 2. Municipal (cities, towns, water districts) and private water companies
 3. Special users (golf courses, lake developments, recreational)
- C. Doctrine of water law applicable to Arizona
 1. Riparian Doctrine
 - a. Navigable
 - b. Non-navigable
 2. Doctrine of Prior Appropriation
 - a. First in time, first in right
 - b. Reasonable use
 - c. Beneficial use
 3. Adjudication of Indian Tribe claims
- D. Arizona Groundwater Act of 1980
 1. Reasons for the act
 - a. Overdraft
 - b. Subsidence
 2. Arizona Department of Water Resources
 3. Classification of water
 - a. Groundwater
 - b. Surface water
 4. Active Management Areas
 5. Irrigation Non-expansion Areas
 6. Grandfathered rights
 - a. Irrigation
 - b. Type I Non-irrigation
 - c. Type II Non-irrigation
 7. Assured water supply versus Adequate Water Supply
 8. Transfer of Well Rights
 - a. Is it required
 - b. Transfer request
 9. Other permits and exemptions
 - a. Service area rights
 - b. Storage and recovery permits (recharge/percolation)
 - c. Withdrawal permits
 - d. Exempt wells
- E. Wetlands in Arizona
 1. Definition
 2. Location in Arizona

VII. ENVIRONMENTAL LAW / DISCLOSURES

- A. Regulators
 - 1. Arizona Department of Environmental Quality (ADEQ)
 - 2. County and City Health Officials
- B. State Environmental Laws And Regulations
 - 1. Water Quality Assurance Revolving Fund (WQARF)

VIII. LAND DESCRIPTIONS

- A. Rectangular Survey
 - 1. Meridian
 - 2. Baselines
 - 3. Range Lines
 - 4. Township Lines
 - 5. Correction Lines
 - 6. Quadrangles/Checks
 - 7. Sections
 - 8. Fractional Sections
 - 9. Government Lots
- B. Filed with Arizona Department of Real Estate when creating a lawful Subdivision
- C. Assessor's Maps

IX. LAND DEVELOPMENT AND CONSTRUCTION

- A. Growth Patterns - Types
 - 1. Concentric Circles
 - 2. Multiple - Nuclei Theory
 - 3. Wedge Sector Theory
 - 4. Central - Axial Theory
- B. Builders' Warranties
 - 1. Types of Warranties
 - 2. Real Estate Brokerage Responsibilities, Liabilities and Awareness

X. ENCUMBRANCES

- A. Monetary (lien)
 - 1. Mechanic's Liens
 - a. Justification
 - b. Who has the lien right
 - c. Pre-lien Notices
 - d. Costs that cannot create a lien on the property
 - e. To what does a mechanic's lien attach
 - f. Priority of mechanic's liens
 - g. Release or assignment of mechanic's liens
 - h. Statutory rights/time periods
 - 2. Judgment Liens
 - a. Creation
 - b. Recordation
 - c. Enforcement and Renewal

XI. FAIR HOUSING

- A. Fair Housing Laws
 - 1. Fair Housing Enforcement Provisions
 - 2. State Exemptions
 - 3. Penalties for violations
 - a. State
 - b. City
- B. Potential Conflicts
 - 1. Landlord Tenant Act
 - 2. CC&R's / Deed Restrictions

XII. ARIZONA RESIDENTIAL LANDLORD AND TENANT ACT

- A. Purpose
- B. Exceptions
- C. Terms and Conditions of Rental Agreement
 - 1. Written Agreement
 - 2. Oral Agreement
 - 3. Late Charges
 - 4. Security Deposits
- D. Landlord Responsibilities & Remedies
 - 1. Fit Premises
 - 2. Utilities
 - 3. Rules enforcement
 - 4. Security Deposit Refund
- E. Tenant Responsibilities & Remedies
 - 1. Premises Clean and Safe
 - 2. Landlord Access
 - 3. Lawful Use
 - 4. Quiet Enjoyment Nuisance
 - 5. Self-help Minor Defects
- F. Prohibited Acts of Landlord
 - 1. Withhold Essential Services
 - 2. Lockout of Tenant
 - 3. Distraint -Seizing Tenant's Personal Property for Rent Due
- G. End of Rental Relationship
 - 1. Constructive Eviction (Chronology)
 - 2. Actual Eviction (Chronology)
 - 3. Abandonment
 - 4. Surrender by Tenant
- H. State Considerations
 - 1. State Occupancy Standards
 - 2. Fair Housing Laws

XIII. COMMERCIAL LEASES

- A. Commercial Leases
 - 1 Types
 - a. gross lease

- b. net lease
 - (i) modified
 - (ii) full
 - c. usable area
 - d. rentable area
 - e. load factor
- B. Pass-through
- C. Reappraisal/reevaluation
- D. Roof-top leasing

XIV. PROPERTY MANAGEMENT

- A. Licensing Requirements / Exemptions
- B. Owner -Broker Management Agreement
 - 1. Basic Requirements (Title 32 Chapter 20, Article 3.1)
 - 2. Salesperson Acting as a Property Manager
- C. Trust Account -Property Management Specifics
- D. Agency Law and the Property Manager
- E. Owner/Tenant Associations
- F. Arizona Slumlord Abatement Act (A.R.S. 33-1901 et seq.)
- G. Owner Liability
 - 1. Dangerous Dogs
 - 2. Drugs and Other Current Legal Issues

XV. APPRAISAL LICENSING AND CERTIFICATION

- A. Requirements
 - 1. Separate License
 - 2. Dual Licensure
- B. Broker Price Opinion (Exemption for Real Estate Licensees (A.R.S. § 32-3602 (A)))

XVI. FORECLOSURE

- A. Processes of Foreclosure - Mortgage
 - 1. Filing of legal action
 - 2. Recording *Lis Pendens*
 - 3. Acceleration of Debt
 - 4. Court Action
 - 5. Sheriffs sales and bidding
 - 6. Sheriff's Certificate
 - 7. Six-month statutory redemption period
 - 8. Sheriffs Deed and delivery
 - 9. Rights of borrower in possession
 - 10. Difference between equity of redemption and statutory right of redemption
- B. Processes of Foreclosure - Deed of Trust
 - 1. Contrasts to a Mortgage Foreclosure
 - 2. Non-Judicial Foreclosure (power of Sale)
 - a. Preparation and recordation of Notice of Default and Trustee's Sale
 - b. Parties required to be notified
 - c. Use of Request for Notice of Default

- d. Trustor's right of reinstatement
 - e. Absence of acceleration of debt
 - f. Minimum time period prior to day of Trustee's Sale
 - g. Trustee's sale and bidding
 - h. Delivery of Trustee's Deed
 - i. Absence of Statutory Right of Redemption
 - 3. Judicial Foreclosure Alternative
- C. Deed in Lieu of Foreclosure
 - 1. Cancellation of debt
 - 2. Acquisition by lender subject to prior and subordinate liens
 - 3. Use of Deed in Lieu with estoppel
 - 4. Consideration (Purchaser for Value)
- D. Proceeds and Lien Priorities Upon Foreclosure
 - 1. Recorded/ Non-recorded Interests
 - 2. Application of Foreclosure Proceeds
- E. Post-Foreclosure Remedies
 - 1. Terminology
 - 2. Deficiency Judgments
 - a. Residential
 - (1) Arizona Anti-deficiency Statutes
 - (2) Exceptions
 - b. Commercial
 - (1) Recourse versus Non-recourse
- F. Forfeiture of Agreement for Sale (aka Land Contract, Contract for Deed, Installment Contract, Land Sales Contract)
 - 1. Difference between foreclosure and forfeiture
 - 2. Default by Vendee
 - 3. Statutory reinstatement periods given to the buyer
 - 4. Notice of Election to Forfeit
 - 5. Notices to persons with recorded interests
 - 6. Completing the forfeiture through the Affidavit of Completion of Forfeiture versus quiet title action
 - 7. Required use of an account-servicing agent to avoid quiet title action

XVIII. Real Estate Management

- A. Government Requirements
 - 1. State
 - 2. Local
 - 3. Payroll
- B. Risk Management
 - 1. State and Local Taxes
 - 2. Written Office Policies
- C. Management, Training and Supervision of Licensees

XVII. MATH

- A. Proration Calculations
- B. Property Tax Calculations
- C. Net Proceeds Calculations
- D. Loan Interest Calculations